

News release

Banco Popolare: €2 billion capital increase gets under way

The offer under option is set to begin on Monday, 17 January and conclude on Friday, 11 February

Issue price of the new shares fixed at €1.77 each

7 new shares offered for every 5 ordinary shares and/or convertible bonds held

Verona, 12 January 2011 – Banco Popolare is moving ahead with a €2 billion capital increase that is set to get under way on Monday, 17 January and conclude on Friday, 11 February. Earlier today, CONSOB authorized the publication of the information prospectus in relation to the rights issue in relation to the offer under option to the shareholders and holders of the bond securities issued under the "Banco Popolare 2010/2014 4,75% convertible bonds with option for reimbursement with shares" (the "**Bonds**") for a maximum of 1,122,980,404 Banco Popolare ordinary shares (the "**BP Shares**") and admission to quotation on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A. (the "**Rights Issue**").

The BP Shares will have regular rights of enjoyment and the same characteristics as the ordinary shares outstanding as of the issue date.

The issuance of the BP Shares was approved by the Management Board – subject to the favourable opinion of the Supervisory Board - on 14 December 2010 and 12 January 2011, in execution of the authority vested by the extraordinary meeting of shareholders on 11 December 2010 pursuant to Article 2443 of the Italian Civil Code.

More specifically, earlier today, the Management Board approved, subject to the favourable opinion of the Supervisory Board, a resolution: (i) to increase the share capital, for a total countervalue of up to €1,987,675,315.08 in a single tranche, all of which will be attributed to share capital, through the issuance of up to 1,122,980,404 BP Shares, and (ii) to set the option ratio at 7 BP Shares for every 5 Banco Popolare ordinary shares and/or Bonds held (the "**Option Right**").

The BP Shares will be offered for subscription at a price of €1.77 per share (equal to a discount of 29% with respect to the theoretical ex-rights price (TERP), estimated at

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Media Relations
Tel. +39-045-8675048/867/120/121
ufficio.stampa@bancopopolare.it

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Tel. +39-045-8675537
investor.relations@bancopopolare.it
www.bancopopolare.it (IR section)

2.492 euro, calculated on the basis of today's closing price), as determined by the Management Board on 12 January 2011.

The Offer's period of validity is from (and including) 17 January 2011 to (and including) 11 February 2011 (the "**Option Period**"). The Option Rights may be traded on the market from (and including) 17 January 2011 to (and including) 4 February 2011.

The Option Rights not exercised by the end of the Option Period will be offered by the Bank on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (the "MTA") within the month subsequent to the end of the Option Period, for at least five market trading days, pursuant to Article 2441, Paragraph 3 of the Italian Civil Code (the "**Market Offer**"). The date of the start and the end of the Market Offer period will be disclosed to the public with a special notice.

The Banco Popolare ordinary shares are admitted to trading on the MTA. The BP Shares will be automatically traded in accordance with the provisions of Article 2.4.1 of the Regulations for the markets organized and managed by Borsa Italiana S.p.A., through the same market in which the Banco Popolare shares will be traded as of issuance.

The Offer is backed by an underwriting consortium coordinated and directed by Mediobanca - Banca di Credito Finanziario S.p.A. ("Mediobanca") and BofA Merrill Lynch as Joint Global Coordinators and Joint Bookrunners. Within the consortium coordinated and directed by Mediobanca and BofA Merrill Lynch, Credit Suisse, Deutsche Bank and Goldman Sachs International will have the role of Joint Bookrunners, while Banco Santander, Crédit Agricole CIB, Equita SIM, ING, Keefe, Bruyette & Woods, MPS Capital Services, RBC Capital Markets, The Royal Bank of Scotland and Société Générale Corporate & Investment Banking will have the role of Co-Lead Managers.

The proceeds of the capital increase will first of all be used for the repayment of the so-called "Tremonti bonds", issued in the amount of €1.45 billion, and to increase the Group's capital base. The expected increase in capital-adequacy ratios will furthermore make it possible for the Group to align itself in advance to the more severe requisites for minimum capital requirements in the process of being introduced (Basle III). Finally, the strengthening of capital-adequacy ratios will support the consolidation of Banco Popolare's competitive position in the market and in the areas covered by the Banks of the Territory.

The information prospectus containing the information about the investment will be made available within the term provided by prevailing law, at the Issuer's registered office (Piazza Nogara n. 2, Verona), at the registered office of Borsa Italiana S.p.A. (Piazza degli Affari 6, Milan) and in electronic format on the Company's web site (www.bancopopolare.it) and on the Internet site of Borsa Italiana S.p.A. (www.borsaitaliana.it).

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